

AMENDED IN SENATE FEBRUARY 6, 2013

SENATE BILL

No. 13

Introduced by Senator ~~Negrete McLeod~~ *Beall*

December 3, 2012

An act to amend Sections 7522.02, 7522.04, 7522.10, 7522.25, 7522.30, 7522.34, 7522.40, 7522.43, 7522.56, 7522.72, 7522.74, 20281.5, and 21400, 31494.1, 31800, 31808, and 31812 of, and to repeal Section 7522.66 of, the Government Code, relating to public employees' retirement, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 13, as amended, ~~Negrete McLeod~~ *Beall*. Public employees' retirement benefits.

(1) The Public Employees' Retirement Law (PERL) establishes the Public Employees' Retirement System (PERS) and the Teachers' Retirement Law establishes the State Teachers' Retirement System for the purpose of providing pension benefits to specified public employees. Existing law also establishes the Judges' Retirement System II which provides pension benefits to elected judges and the Legislators' Retirement System which provides pension benefits to elective officers of the state other than judges and to legislative statutory officers. The County Employees Retirement Law of 1937 authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to county, city, and district employees.

The California Public Employees' Pension Reform Act of 2013 (PEPRA), on and after January 1, 2013, requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas that may not be exceeded by a public employer offering a defined benefit

pension plan, setting the maximum benefit allowable for employees first hired on or after January 1, 2013, as a formula commonly known as 2.5% at age 67 for nonsafety members, one of 3 formulas for safety members, 2% at age 57, 2.5% at age 57, or 2.7% at age 57, and 1.25% at age 67 for new state miscellaneous or industrial members who elect to be in Tier 2. Under PEPR, the Judges' Retirement System I and the Judges' Retirement System II are not required to adopt the defined benefit formula contained in certain other provisions.

This bill would correct an erroneous cross-reference in the above provision and would instead specify that the Judges' Retirement System I and the Judges' Retirement System II are not required to adopt the defined benefit formula contained in other provisions for nonsafety and safety members. *The bill would clarify the application of PEPR to employees who were employed prior to January 1, 2013, who have service credit in a different retirement system. The bill would authorize a public retirement system to adopt regulations and resolutions in order to modify its retirement plan or plans to conform with PEPR.*

(2) PEPR authorizes a public employer offering a retirement benefit plan consisting solely of a defined contribution plan prior to January 1, 2013, to continue to offer that plan instead of the defined benefit plan required pursuant to PEPR. However, PEPR requires an employer that adopts a new defined benefit pension plan or defined benefit formula on or after January 1, 2013, to conform the plan or formula to the requirements of PEPR or be determined and certified by the retirement system's chief actuary and the system's board to have no greater risk and no greater cost to the employer than the defined benefit formula and to be approved by the Legislature. Under that law, new members of the employer's plan may only participate in the defined contribution plan that was in place before January 1, 2013, or a defined contribution plan or defined benefit formula that conforms to the requirements of PEPR.

This bill would specify that the above provisions are not to be construed to prohibit an employer from offering a defined contribution plan on or after January 1, 2013, either with or without a defined benefit plan, if the employer did not offer a defined contribution plan prior to that date.

(3) *PEPR limits the pensionable compensation that may be used to calculate a defined benefit for new members and provides that this number shall be adjusted based on changes to the Consumer Price Index for All Urban Consumers. PEPR permits an employer to provide*

a contribution to a defined contribution plan for compensation that is in excess of that limit subject to other limits described in federal law.

This bill would specify the method by which adjustments to pensionable compensation limits based on the Consumer Price Index are to be made. The bill would revise how limits on an employer's contributions to a defined contribution plan are to be determined, as specified, and would specifically authorize a retirement system to limit the pensionable compensation used to calculate contributions for new members in this regard.

~~(3)~~

(4) On and after January 1, 2013, PEPRA requires each retirement system that offers a defined benefit plan for safety members of the system to use one or more of specified defined benefit formulas and requires an employer to offer one or more of those formulas to new employees who are safety employees eligible for membership in the program.

This bill would instead require an employer to offer one or more of those formulas to new members who are safety employees.

~~(4)~~

(5) On and after January 1, 2013, PEPRA requires new employees of specified public employers, the California State University, and the judicial branch who participate in a defined benefit plan to have an initial contribution rate of at least 50% of the normal cost rate for that defined benefit plan, rounded to the nearest $\frac{1}{4}$ of 1%, or the current contribution rate of similarly situated employees, whichever is greater.

This bill would make that provision applicable to new members employed by those entities and new members employed by the Legislature. The bill would also specify that this contribution rate for new members shall be the greater of the above 2 rates, if the greater, current contribution rate has been agreed to through the collective bargaining process. *The bill would specify, with regard to the definition of normal cost, that a retirement system's actuary may use either of 2 rates of contribution, as may be applicable to the retirement system. The bill would require that, for purposes of calculating the normal cost rate, the actuarial valuation of retirement benefits include any elements that impact the actuarial determination of the normal cost, including, but not limited to, the retirement formula, eligibility and vesting criteria, ancillary benefit provisions, and any automatic cost-of-living adjustments.*

(6) *PEPRA prohibits a public employer from providing a retirement health benefit vesting schedule to a manager or an employee or officer who is excluded from collective bargaining that is more advantageous than that provided generally to other public employees of the same employer who are in related membership classifications.*

This bill would clarify that these provisions do not require an employer to change the vesting schedule of any employee who was subject to a specific retiree health benefit vesting schedule prior to January 1, 2013, or who had a contractual agreement prior to January 1, 2013, for a specific retiree health vesting schedule.

~~(5)~~

(7) On and after January 1, 2013, PEPRA prohibits a public employer from offering a plan of replacement benefits for members and any survivors or beneficiaries whose retirement benefits are limited by specified federal law. On and after January 1, 2013, PEPRA makes that prohibition and certain other provisions related to replacement benefits applicable to new employees.

This bill would instead make those provisions applicable to new members.

(8) *PEPRA generally prohibits a retired person who retires from a public employer from serving, being employed by, or being employed through a contract directly by, a public employer in the same retirement system from which the retiree receives a pension benefit without reinstatement, subject to certain exceptions and limitations. The act prohibits reemployment of a retiree pursuant to these provisions for a period of 180 days following the date of retirement unless he or she falls within certain exceptions to the prohibition, of which one is that the retiree is a public safety officer or a firefighter.*

This bill would clarify that, for a retiree who is a public safety officer or a firefighter, he or she must be hired to perform a function or functions regularly performed by a safety officer or firefighter.

~~(6)~~

(9) PEPRA, until January 1, 2018, authorizes a safety member of a public retirement system who retires for industrial disability to receive a disability retirement equal to the greater of specified benefit amounts.

This bill would repeal the above provision.

(10) *PEPRA requires that a public employee, including one who is elected or appointed to a public office, who is convicted of any state or federal felony for conduct arising out of, or in the performance of, his or her official duties in pursuit of the office or appointment, or in*

connection with obtaining salary, disability retirement, service retirement, or other benefits, forfeit rights, and benefits earned or accrued from the earliest date of the commission of the felony to the forfeiture date, as specified.

This bill would provide that these provisions supplement the application of specified forfeiture provisions with respect to a judge and, if there is a conflict, the provisions that result in the greatest forfeiture or provide the most stringent procedural requirements shall apply.

~~(7)~~

(11) Under PERL, a person who becomes a state miscellaneous member or state industrial member of PERS after August 11, 2004, does not immediately make contributions or receive service credit for his or her service until after the first 24 months of employment, except in specified circumstances. This provision, as modified by PEPR, does not apply to a person who first becomes a state miscellaneous member or state industrial member on or after July 1, 2013.

This bill would instead specify that this provision does not apply to a person who first becomes a state miscellaneous member or state industrial member on or after January 1, 2013.

~~(8)~~

(12) Under PEPR, a state safety member of PERS who retires on or after January 1, 2013, for industrial disability receives a disability retirement benefit equal to the greater of certain benefits, including, among others, 50% of his or her final compensation, plus an annuity purchased with his or her accumulated contributions, if any.

This bill would clarify that the portion of the industrial disability retirement benefit described above refers to an annuity purchased with the member's accumulated additional contributions.

(13) The County Employees Retirement Law of 1937 (CERL) establishes an alternative retirement plan that is applicable to Los Angeles, which includes both contributory and noncontributory plans. CERL prescribes specified formulas for computation of the retirement allowance payable for a service retirement, and for the computation of contributions, for certain members, including those to whom the federal Social Security Act applies.

This bill make a technical change in the alternate retirement plan that is applicable to Los Angeles. The bill would specify that certain the formulas prescribed by CERL do not apply to a person who becomes

a member of a county retirement system under a benefit plan subject to PEPR, as specified.

(14) This bill would make legislative findings and declarations regarding its relation to existing law and intended application.

(9)

(15) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature finds and declares that this act*
2 *clarifies the California Public Employees' Pension Reform Act of*
3 *2013, is declaratory of existing law, and is intended to apply*
4 *concurrently with the initial operation of that act.*

5 ~~SECTION 1.~~

6 *SEC. 2. Section 7522.02 of the Government Code is amended*
7 *to read:*

8 7522.02. (a) (1) Notwithstanding any other law, except as
9 provided in this article, on and after January 1, 2013, this article
10 shall apply to all state and local public retirement systems and to
11 their participating employers, including the Public Employees'
12 Retirement System, the State Teachers' Retirement System, the
13 Legislators' Retirement System, the Judges' Retirement System
14 I, the Judges' Retirement System II, county and district retirement
15 systems created pursuant to the County Employees Retirement
16 Law of 1937, independent public retirement systems, and to
17 individual retirement plans offered by public employers. However,
18 this article shall be subject to the Internal Revenue Code and
19 Section 17 of Article XVI of the California Constitution. The
20 administration of the requirements of this article shall comply with
21 applicable provisions of the Internal Revenue Code and the
22 Revenue and Taxation Code.

23 (2) Notwithstanding paragraph (1), this article shall not apply
24 to the entities described in Section 9 of Article IX of, and Sections
25 4 and 5 of Article XI of, the California Constitution, except to the
26 extent that these entities continue to be participating employers in
27 any retirement system governed by state statute. Accordingly, any
28 retirement plan approved before January 1, 2013, by the voters of

1 any entity excluded from coverage by this section shall not be
2 affected by this article.

3 (b) The benefit plan required by this article shall apply to public
4 employees who are new members as defined in Section 7522.04.

5 (c) Individuals who were employed by any public employer
6 before January 1, 2013, and who became employed by a subsequent
7 public employer for the first time on or after January 1, 2013, shall
8 be subject to the retirement plan that would have been available
9 to employees of the subsequent employer who were first employed
10 by the subsequent employer on or before December 31, 2012, if
11 the individual was subject to *concurrent membership for which*
12 *creditable service was performed in the previous six months or*
13 *reciprocity established under any of the following provisions:*

14 (1) Article 5 (commencing with Section 20350) of Chapter 3
15 of Part 3 of Division 5 of Title 2.

16 (2) Chapter 3 (commencing with Section 31450) of Part 3 of
17 Division 4 of Title 3.

18 (3) Any agreement between public retirement systems to provide
19 reciprocity to members of the systems.

20 (4) *Section 22115.2 of the Education Code.*

21 (d) If a public employer, before January 1, 2013, offers a defined
22 benefit pension plan that provides a defined benefit formula with
23 a lower benefit factor at normal retirement age and results in a
24 lower normal cost than the defined benefit formula required by
25 this article, that employer may continue to offer that defined benefit
26 formula instead of the defined benefit formula required by this
27 article, and shall not be subject to the requirements of Section
28 7522.10 for pensionable compensation subject to that formula.
29 However, if the employer adopts a new defined benefit formula
30 on or after January 1, 2013, that formula must conform to the
31 requirements of this article or must be determined and certified by
32 the retirement system's chief actuary and the retirement board to
33 have no greater risk and no greater cost to the employer than the
34 defined benefit formula required by this article and must be
35 approved by the Legislature. New members of the defined benefit
36 plan may only participate in the lower cost defined benefit formula
37 that was in place before January 1, 2013, or a defined benefit
38 formula that conforms to the requirements of this article or is
39 approved by the Legislature as provided in this subdivision.

(e) If a public employer, before January 1, 2013, offers a retirement benefit plan that consists solely of a defined contribution plan, that employer may continue to offer that plan instead of the defined benefit pension plan required by this article. However, if the employer adopts a new defined benefit pension plan or defined benefit formula on or after January 1, 2013, that plan or formula must conform to the requirements of this article or must be determined and certified by the retirement system's chief actuary and the system's board to have no greater risk and no greater cost to the employer than the defined benefit formula required by this article and must be approved by the Legislature. New members of the employer's plan may only participate in the defined contribution plan that was in place before January 1, 2013, or a defined contribution plan or defined benefit formula that conforms to the requirements of this article. This subdivision shall not be construed to prohibit an employer from offering a defined contribution plan on or after January 1, 2013, either with or without a defined benefit plan, ~~if the employer did not offer~~ *whether or not the employer offered* a defined contribution plan prior to that date.

(f) The Judges' Retirement System I and the Judges' Retirement System II shall not be required to adopt the defined benefit formula required by Section 7522.20 or 7522.25 or the compensation limitations defined in Section 7522.10.

(g) This article shall not be construed to provide membership in any public retirement system for an individual who would not otherwise be eligible for membership under that system's applicable rules or laws.

(h) *On and after January 1, 2013, each public retirement system shall modify its plan or plans to comply with the requirements of this article and may adopt regulations or resolutions for this purpose.*

SEC. 3. Section 7522.04 of the Government Code is amended to read:

7522.04. For the purposes of this article:

(a) "Defined benefit formula" means a formula used by the retirement system to determine a retirement benefit based on age, years of service, and pensionable compensation earned by an employee up to the limit defined in Section 7522.10.

1 (b) “Employee contributions” means the contributions to a public
2 retirement system required to be paid by a member of the system,
3 as fixed by law, regulation, administrative action, contract, contract
4 amendment, or other written agreement recognized by the
5 retirement system as establishing an employee contribution.

6 (c) “Federal system” means the old age, survivors, disability,
7 and health insurance provisions of the federal Social Security Act
8 (42 U.S.C. Sec. 301 et seq.).

9 (d) “Member” means a public employee who is a member of
10 any type of a public retirement system or plan.

11 (e) “New employee” means either of the following:

12 (1) An employee, including one who is elected or appointed, of
13 a public employer who is employed for the first time by any public
14 employer on or after January 1, 2013, and who was not employed
15 by any other public employer prior to that date.

16 (2) An employee, including one who is elected or appointed, of
17 a public employer who is employed for the first time by any public
18 employer on or after January 1, 2013, and who was employed by
19 another public employer prior to that date, but who was not subject
20 to reciprocity under subdivision (c) of Section 7522.02.

21 (f) “New member” means any of the following:

22 (1) An individual who becomes a member of any public
23 retirement system for the first time on or after January 1, 2013,
24 and who was not a member of any other public retirement system
25 prior to that date.

26 (2) An individual who becomes a member of a public retirement
27 system for the first time on or after January 1, 2013, and who was
28 a member of another public retirement system prior to that date,
29 but who was not subject to reciprocity under subdivision (c) of
30 Section 7522.02.

31 (3) An individual who was an active member in a retirement
32 system and who, after a break in service of more than six months,
33 returned to active membership in that system with a new employer.
34 For purposes of this subdivision, a change in employment between
35 state entities or from one school employer to another shall not be
36 considered as service with a new employer.

37 (g) “Normal cost” means the portion of the present value of
38 projected benefits under the defined benefit that is attributable to
39 the current year of service, as determined by the public retirement
40 system’s actuary according to the most recently completed

1 valuation. *For the purpose of determining normal cost, the system's*
2 *actuary may use a single rate of contribution or an age-based rate*
3 *of contribution as is applicable to that retirement system.*

4 (h) "Public employee" means an officer, including one who is
5 elected or appointed, or an employee of a public employer.

6 (i) "Public employer" means:

7 (1) The state and every state entity, including, but not limited
8 to, the Legislature, the judicial branch, including judicial officers,
9 and the California State University.

10 (2) Any political subdivision of the state, or agency or
11 instrumentality of the state or subdivision of the state, including,
12 but not limited to, a city, county, city and county, a charter city, a
13 charter county, school district, community college district, joint
14 powers authority, joint powers agency, and any public agency,
15 authority, board, commission, or district.

16 (3) Any charter school that elects or is required to participate
17 in a public retirement system.

18 (j) "Public retirement system" means any pension or retirement
19 system of a public employer, including, but not limited to, an
20 independent retirement plan offered by a public employer that the
21 public employer participates in or offers to its employees for the
22 purpose of providing retirement benefits, or a system of benefits
23 for public employees that is governed by Section 401(a) of Title
24 26 of the United States Code.

25 *SEC. 4. Section 7522.10 of the Government Code is amended*
26 *to read:*

27 7522.10. (a) On and after January 1, 2013, each public
28 retirement system shall modify its plan or plans to comply with
29 the requirements of this section for each public employer that
30 participates in the system.

31 (b) Whenever pensionable compensation, as defined in Section
32 7522.34, is used in the calculation of a benefit, the pensionable
33 compensation shall be subject to the limitations set forth in
34 subdivision (c).

35 (c) The pensionable compensation used to calculate the defined
36 benefit paid to a new member who retires from the system shall
37 not exceed the following applicable percentage of the contribution
38 and benefit base specified in Section 430(b) of Title 42 of the
39 United States Code on January 1, 2013:

1 (1) One hundred percent for a member whose service is included
2 in the federal system.

3 (2) One hundred twenty percent for a member whose service is
4 not included in the federal system.

5 (d) (1) The retirement system shall adjust the pensionable
6 compensation described in subdivision (c) ~~following each actuarial~~
7 ~~valuation~~ based on *the annual* changes to the Consumer Price
8 Index for All Urban ~~Consumers~~ *Consumers, calculated by dividing*
9 *the Consumer Price Index for All Urban Consumers for the month*
10 *of September in the calendar year preceding the adjustment by the*
11 *Consumer Price Index for All Urban Consumers for the month of*
12 *September of the previous year rounded to the nearest thousandth.*
13 The adjustment shall be effective annually on January 1 ~~following~~
14 ~~the annual valuation, beginning in 2014.~~

15 (2) The Legislature reserves the right to modify the requirements
16 of this subdivision with regard to all public employees subject to
17 this section, except that the Legislature may not modify these
18 provisions in a manner that would result in a decrease in benefits
19 accrued prior to the effective date of the modification.

20 (e) A public employer shall not offer a defined benefit or any
21 combination of defined benefits, including a defined benefit offered
22 by a private provider, on compensation in excess of the limitation
23 in subdivision (c).

24 (f) (1) ~~A Subject to the limitation in subdivision (c) of Section~~
25 ~~7522.42, a public employer may provide a contribution to a defined~~
26 ~~contribution plan for compensation in excess of the limitation in~~
27 ~~subdivision (c) provided the plan and the contribution meet the~~
28 ~~requirements and limits of federal law.~~

29 (2) A public employee who receives an employer contribution
30 to a defined contribution plan shall not have a vested right to
31 continue receiving the employer contribution.

32 (g) Any employer contributions to any employee defined
33 contribution plan above the pensionable compensation limits in
34 subdivision (c) shall not, ~~when combined with the employer's~~
35 ~~contribution to the employee's retirement benefits below the~~
36 ~~compensation limit, exceed the employer's contribution level, as~~
37 ~~a percentage of pay, required to fund the retirement benefits of~~
38 ~~employees with income below the compensation limits exceed the~~
39 *employer's contribution rate, as a percentage of pay, required to*

1 *fund the defined benefit plan for income subject to the limitation*
 2 *in subdivision (c) of Section 7522.42.*

3 *(h) The retirement system may limit the pensionable*
 4 *compensation used to calculate the contributions required of a*
 5 *new member to the amount of compensation that would be used*
 6 *for calculating a defined benefit as set forth in subdivision (c) or*
 7 *(d).*

8 ~~SEC. 2.~~

9 SEC. 5. Section 7522.25 of the Government Code is amended
 10 to read:

11 7522.25. (a) Each retirement system that offers a defined
 12 benefit plan for safety members of the system shall use one or
 13 more of the defined benefit formulas prescribed by this section. A
 14 member may retire for service under any of the formulas in this
 15 section after five years of service and upon reaching 50 years of
 16 age.

17 (b) The Basic Safety Plan shall provide a pension at retirement
 18 for service equal to the percentage of the member's final
 19 compensation set forth opposite the member's age at retirement,
 20 taken to the preceding quarter year, in the following table,
 21 multiplied by the number of years of service in the system as a
 22 safety member.

23	Age at Retirement	Fraction
24	50	1.426
25	50 ¼	1.447
26	50 ½	1.467
27	50 ¾	1.488
28	51	1.508
29	51 ¼	1.529
30	51 ½	1.549
31	51 ¾	1.570
32	52	1.590
33	52 ¼	1.611
34	52 ½	1.631
35	52 ¾	1.652
36	53	1.672
37	53 ¼	1.693
38	53 ½	1.713
39	53 ¾	1.734
40		

1	54	1.754
2	54 $\frac{1}{4}$	1.775
3	54 $\frac{1}{2}$	1.795
4	54 $\frac{3}{4}$	1.816
5	55	1.836
6	55 $\frac{1}{4}$	1.857
7	55 $\frac{1}{2}$	1.877
8	55 $\frac{3}{4}$	1.898
9	56	1.918
10	56 $\frac{1}{4}$	1.939
11	56 $\frac{1}{2}$	1.959
12	56 $\frac{3}{4}$	1.980
13	57 and over	2.000

14
 15 (c) The Safety Option Plan One shall provide a pension at
 16 retirement for service equal to the percentage of the member's
 17 final compensation set forth opposite the member's age at
 18 retirement, taken to the preceding quarter year, in the following
 19 table, multiplied by the number of years of service in the system
 20 as a safety member.

21		
22	Age at Retirement	Fraction
23	50	2.000
24	50 $\frac{1}{4}$	2.018
25	50 $\frac{1}{2}$	2.036
26	50 $\frac{3}{4}$	2.054
27	51	2.071
28	51 $\frac{1}{4}$	2.089
29	51 $\frac{1}{2}$	2.107
30	51 $\frac{3}{4}$	2.125
31	52	2.143
32	52 $\frac{1}{4}$	2.161
33	52 $\frac{1}{2}$	2.179
34	52 $\frac{3}{4}$	2.196
35	53	2.214
36	53 $\frac{1}{4}$	2.232
37	53 $\frac{1}{2}$	2.250
38	53 $\frac{3}{4}$	2.268
39	54	2.286
40	54 $\frac{1}{4}$	2.304

1	54 $\frac{1}{2}$	2.321
2	54 $\frac{3}{4}$	2.339
3	55.....	2.357
4	55 $\frac{1}{4}$	2.375
5	55 $\frac{1}{2}$	2.393
6	55 $\frac{3}{4}$	2.411
7	56.....	2.429
8	56 $\frac{1}{4}$	2.446
9	56 $\frac{1}{2}$	2.464
10	56 $\frac{3}{4}$	2.482
11	57 and over.....	2.500

12

13 (d) The Safety Option Plan Two shall provide a pension at
 14 retirement for service equal to the percentage of the member's
 15 final compensation set forth opposite the member's age at
 16 retirement, taken to the preceding quarter year, in the following
 17 table, multiplied by the number of years of service in the system
 18 as a safety member.

19

20	Age at Retirement	Fraction
21	50	2.000
22	50 $\frac{1}{4}$	2.025
23	50 $\frac{1}{2}$	2.050
24	50 $\frac{3}{4}$	2.075
25	51	2.100
26	51 $\frac{1}{4}$	2.125
27	51 $\frac{1}{2}$	2.150
28	51 $\frac{3}{4}$	2.175
29	52	2.200
30	52 $\frac{1}{4}$	2.225
31	52 $\frac{1}{2}$	2.250
32	52 $\frac{3}{4}$	2.275
33	53	2.300
34	53 $\frac{1}{4}$	2.325
35	53 $\frac{1}{2}$	2.350
36	53 $\frac{3}{4}$	2.375
37	54	2.400
38	54 $\frac{1}{4}$	2.425
39	54 $\frac{1}{2}$	2.450
40	54 $\frac{3}{4}$	2.475

1	55	2.500
2	55 ¼.....	2.525
3	55 ½.....	2.550
4	55 ¾.....	2.575
5	56	2.600
6	56 ¼.....	2.625
7	56 ½.....	2.650
8	56 ¾.....	2.675
9	57 and over	2.700

10

11 (e) On and after January 1, 2013, an employer shall offer one
 12 or more of the safety formulas prescribed by this section to new
 13 members who are safety-employees. ~~The employees. The~~ formula
 14 offered shall be the formula that is closest to, and provides a lower
 15 benefit at 55 years of age than, the formula provided to members
 16 in the same retirement classification offered by the employer on
 17 December 31, 2012.

18 (f) On and after January 1, 2013, an employer and its employees
 19 subject to Safety Option Plan One or Safety Option Plan Two may
 20 agree in a memorandum of understanding to be subject to Safety
 21 Option Plan One or the Basic Safety Plan, subject to the following:

22 (1) The lower plan shall apply to members first employed on
 23 or after the effective date of the lower plan, and shall be agreed to
 24 in a memorandum of understanding that has been collectively
 25 bargained in accordance with applicable laws.

26 (2) A retirement plan contract amendment with a public
 27 retirement system to alter a retirement formula pursuant to this
 28 subdivision shall not be implemented by the employer in the
 29 absence of a memorandum of understanding that has been
 30 collectively bargained in accordance with applicable laws.

31 (3) An employer shall not use impasse procedures to impose
 32 the lower plan.

33 (4) An employer shall not provide a different defined benefit
 34 for nonrepresented, managerial, or supervisory employees than
 35 the employer provides for other public employees, including
 36 represented employees, of the same employer who are in the same
 37 membership classifications.

38 (g) Pensionable compensation used to calculate the defined
 39 benefit shall be limited as described in Section 7522.10.

1 ~~SEC. 3.~~

2 SEC. 6. Section 7522.30 of the Government Code is amended
3 to read:

4 7522.30. (a) This section shall apply to all public employers
5 and to all new members. Equal sharing of normal costs between
6 public employers and public employees shall be the standard. The
7 standard shall be that employees pay at least 50 percent of normal
8 costs and that employers not pay any of the required employee
9 contribution.

10 (b) The “normal cost rate” shall mean the annual actuarially
11 determined normal cost for the ~~defined benefit plan of an employer~~
12 ~~expressed as a percentage of payroll.~~ *plan of retirement benefits*
13 *provided to the new member and shall be established based on the*
14 *actuarial assumptions used to determine the liabilities and costs*
15 *as part of the annual actuarial valuation. The plan of retirement*
16 *benefits shall include any elements that would impact the actuarial*
17 *determination of the normal cost, including, but not limited to, the*
18 *retirement formula, eligibility and vesting criteria, ancillary benefit*
19 *provisions, and any automatic cost-of-living adjustments as*
20 *determined by the public retirement system.*

21 (c) New members employed by those public employers defined
22 in paragraphs (2) and (3) of subdivision (i) of Section 7522.04,
23 the Legislature, the California State University, and the judicial
24 branch who participate in a defined benefit plan shall have an
25 initial contribution rate of at least 50 percent of the normal cost
26 rate for that defined benefit plan, rounded to the nearest quarter
27 of 1 percent, or the current contribution rate of similarly situated
28 employees, whichever is greater, if the greater current contribution
29 rate has been agreed to pursuant to the requirements in subdivision
30 (e). This contribution shall not be paid by the employer on the
31 employee’s behalf.

32 (d) Notwithstanding subdivision (c), once established, the
33 employee contribution rate described in subdivision (c) shall not
34 be adjusted on account of a change to the normal cost rate unless
35 the normal cost rate increases or decreases by more than 1 percent
36 of payroll above or below the normal cost rate in effect at the time
37 the employee contribution rate is first established or, if later, the
38 normal cost rate in effect at the time of the last adjustment to the
39 employee contribution rate under this section.

1 (e) Notwithstanding subdivision (c), employee contributions
2 may be more than one-half of the normal cost rate if the increase
3 has been agreed to through the collective bargaining process,
4 subject to the following conditions:

5 (1) The employer shall not contribute at a greater rate to the
6 plan for nonrepresented, managerial, or supervisory employees
7 than the employer contributes for other public employees, including
8 represented employees, of the same employer who are in related
9 retirement membership classifications.

10 (2) The employer shall not increase an employee contribution
11 rate in the absence of a memorandum of understanding that has
12 been collectively bargained in accordance with applicable laws.

13 (3) The employer shall not use impasse procedures to increase
14 an employee contribution rate above the rate required by this
15 section.

16 (f) If the terms of a contract, including a memorandum of
17 understanding, between a public employer and its public
18 employees, that is in effect on January 1, 2013, would be impaired
19 by any provision of this section, that provision shall not apply to
20 the public employer and public employees subject to that contract
21 until the expiration of that contract. A renewal, amendment, or
22 any other extension of that contract shall be subject to the
23 requirements of this section.

24 *SEC. 7. Section 7522.34 of the Government Code is amended*
25 *to read:*

26 7522.34. (a) “Pensionable compensation” of a new member
27 of any public retirement system means the normal monthly rate
28 of pay or base pay of the member paid in cash to similarly situated
29 members of the same group or class of employment for services
30 rendered on a full-time basis during normal working hours,
31 pursuant to publicly available pay schedules.

32 (b) Compensation that has been deferred shall be deemed
33 pensionable compensation when earned rather than when paid.

34 (c) “Pensionable compensation” *of a new member* does not
35 include the following:

36 (1) Any compensation determined by the board to have been
37 paid to increase a member’s retirement benefit under that system.

38 (2) Compensation that had previously been provided in kind to
39 the member by the employer or paid directly by the employer to
40 a third party other than the retirement system for the benefit of the

1 member and which was converted to and received by the member
2 in the form of a cash payment.

3 (3) Any one-time or ad hoc payments made to a member.

4 (4) Severance or any other payment that is granted or awarded
5 to a member in connection with or in anticipation of a separation
6 from employment, but is received by the member while employed.

7 (5) Payments for unused vacation, annual leave, personal leave,
8 sick leave, or compensatory time off, however denominated,
9 whether paid in a lump sum or otherwise, regardless of when
10 reported or paid.

11 (6) Payments for additional services rendered outside of normal
12 working hours, whether paid in a lump sum or otherwise.

13 (7) Any employer-provided allowance, reimbursement, or
14 payment, including, but not limited to, one made for housing,
15 vehicle, or uniforms.

16 (8) Compensation for overtime work, other than as defined in
17 Section 207(k) of Title 29 of the United States Code.

18 (9) Employer contributions to deferred compensation or defined
19 contribution plans.

20 (10) Any bonus paid in addition to the compensation described
21 in subdivision (a).

22 (11) Any other form of compensation a public retirement board
23 determines is inconsistent with the requirements of subdivision
24 (a).

25 (12) Any other form of compensation a public retirement board
26 determines should not be pensionable compensation.

27 *SEC. 8. Section 7522.40 of the Government Code is amended*
28 *to read:*

29 7522.40. (a) A public employer shall not provide to a public
30 employee who is elected or appointed, a trustee, excluded from
31 collective bargaining, exempt from civil service, or a manager any
32 retiree health benefit vesting schedule that is more advantageous
33 than that provided generally to other public employees, including
34 represented employees, of the same public employer who are in
35 related retirement membership classifications.

36 (b) *This section shall not require an employer to change the*
37 *vesting schedule of any employee who was subject to a specific*
38 *retiree health benefit vesting schedule prior to January 1, 2013,*
39 *or who had a contractual agreement with an employer prior to*
40 *January 1, 2013, for a specific retiree health vesting schedule.*

1 ~~SEC. 4.~~

2 *SEC. 9.* Section 7522.43 of the Government Code is amended
3 to read:

4 7522.43. (a) A public employer shall not offer a plan of
5 replacement benefits for members and any survivors or
6 beneficiaries whose retirement benefits are limited by Section 415
7 of Title 26 of the United States Code. This section shall apply to
8 new members.

9 (b) A public retirement system may continue to administer a
10 plan of replacement benefits for employees first hired prior to
11 January 1, 2013.

12 (c) A public employer that does not offer a plan of replacement
13 benefits prior to January 1, 2013, shall not offer such a plan for
14 any employee on or after January 1, 2013.

15 (d) A public employer that offers a plan of replacement benefits
16 prior to January 1, 2013, shall not offer such a plan to any
17 additional employee group to which the plan was not provided
18 prior to January 1, 2013.

19 *SEC. 10.* Section 7522.56 of the Government Code is amended
20 to read:

21 7522.56. (a) This section shall apply to any person who is
22 receiving a pension benefit from a public retirement system and
23 shall supersede any other provision in conflict with this section.

24 (b) A retired person shall not serve, be employed by, or be
25 employed through a contract directly by, a public employer in the
26 same public retirement system from which the retiree receives the
27 benefit without reinstatement from retirement, except as permitted
28 by this section.

29 (c) A person who retires from a public employer may serve
30 without reinstatement from retirement or loss or interruption of
31 benefits provided by the retirement system upon appointment by
32 the appointing power of a public employer either during an
33 emergency to prevent stoppage of public business or because the
34 retired person has skills needed to perform work of limited
35 duration.

36 (d) Appointments of the person authorized under this section
37 shall not exceed a total for all employers in that public retirement
38 system of 960 hours or other equivalent limit, in a calendar or
39 fiscal year, depending on the administrator of the system. The rate
40 of pay for the employment shall not be less than the minimum,

1 nor exceed the maximum, paid by the employer to other employees
2 performing comparable duties, divided by 173.333 to equal an
3 hourly rate. A retired person whose employment without
4 reinstatement is authorized by this section shall acquire no service
5 credit or retirement rights under this section with respect to the
6 employment unless he or she reinstates from retirement.

7 (e) (1) Notwithstanding subdivision (c), any retired person shall
8 not be eligible to serve or be employed by a public employer if,
9 during the 12-month period prior to an appointment described in
10 this section, the retired person received any unemployment
11 insurance compensation arising out of prior employment subject
12 to this section with a public employer. A retiree shall certify in
13 writing to the employer upon accepting an offer of employment
14 that he or she is in compliance with this requirement.

15 (2) A retired person who accepts an appointment after receiving
16 unemployment insurance compensation as described in this
17 subdivision shall terminate that employment on the last day of the
18 current pay period and shall not be eligible for reappointment
19 subject to this section for a period of 12 months following the last
20 day of employment.

21 (f) A retired person shall not be eligible to be employed pursuant
22 to this section for a period of 180 days following the date of
23 retirement unless he or she meets one of the following conditions:

24 (1) The employer certifies the nature of the employment and
25 that the appointment is necessary to fill a critically needed position
26 before 180 days has passed and the appointment has been approved
27 by the governing body of the employer in a public meeting. The
28 appointment may not be placed on a consent calendar.

29 (2) The state employer certifies the nature of the employment
30 and that the appointment is necessary to fill a critically needed
31 state employment position before 180 days has passed and the
32 appointment has been approved by the Department of Human
33 Resources. The department may establish a process to delegate
34 appointing authority to individual state agencies, but shall audit
35 the process to determine if abuses of the system occur. If necessary,
36 the department may assume an agency's appointing authority for
37 retired workers and may charge the department an appropriate
38 amount for administering that authority.

39 (3) The retiree is eligible to participate in the Faculty Early
40 Retirement Program pursuant to a collective bargaining agreement

1 with the California State University that existed prior to January
2 1, 2013, or has been included in subsequent agreements.

3 (4) The retiree is a public safety officer ~~or~~ *or firefighter hired*
4 *to perform a function or functions regularly performed by a safety*
5 *officer or firefighter.*

6 (g) A retired person who accepted a retirement incentive upon
7 retirement shall not be eligible to be employed pursuant to this
8 section for a period of 180 days following the date of retirement
9 and subdivision (f) shall not apply.

10 (h) This section shall not apply to a person who is retired from
11 the State Teachers' Retirement System, and who is subject to
12 Section 24214, 24214.5, or 26812 of the Education Code.

13 (i) This section shall not apply to (1) a subordinate judicial
14 officer whose position, upon retirement, is converted to a judgeship
15 pursuant to Section 69615, and he or she returns to work in the
16 converted position, and the employer is a trial court, or (2) a retiree
17 who takes office as a judge of a court of record pursuant to Article
18 VI of the California Constitution or a retiree of the Judges'
19 Retirement System I or the Judges' Retirement System II who is
20 appointed to serve as a retired judge.

21 ~~SEC. 5.~~

22 *SEC. 11.* Section 7522.66 of the Government Code is repealed.

23 *SEC. 12.* *Section 7522.72 of the Government Code is amended*
24 *to read:*

25 7522.72. (a) This section shall apply to a public employee first
26 employed by a public employer or first elected or appointed to an
27 office before January 1, 2013, and, on and after that date, Section
28 7522.70 shall not apply.

29 (b) (1) If a public employee is convicted by a state or federal
30 trial court of any felony under state or federal law for conduct
31 arising out of or in the performance of his or her official duties, in
32 pursuit of the office or appointment, or in connection with
33 obtaining salary, disability retirement, service retirement, or other
34 benefits, he or she shall forfeit all accrued rights and benefits in
35 any public retirement system in which he or she is a member to
36 the extent provided in subdivision (c) and shall not accrue further
37 benefits in that public retirement system, effective on the date of
38 the conviction.

39 (2) If a public employee who has contact with children as part
40 of her official duties is convicted of a felony that was committed

1 within the scope of his or her official duties against or involving
2 a child who he or she has contact with as part of his or her official
3 duties, he or she shall forfeit all accrued rights and benefits in any
4 public retirement system in which he or she is a member to the
5 extent provided in subdivision (c) and shall not accrue further
6 benefits in that public retirement system, effective on the date of
7 the conviction.

8 (c) (1) A public employee shall forfeit all the ~~retirement~~ *rights*
9 *and* benefits earned or accrued from the earliest date of the
10 commission of any felony described in subdivision (b) to the
11 forfeiture date, inclusive. The retirement benefits shall remain
12 forfeited notwithstanding any reduction in sentence or
13 expungement of the conviction following the date of the public
14 employee's conviction. Retirement benefits attributable to service
15 performed prior to the date of the first commission of the felony
16 for which the public employee was convicted shall not be forfeited
17 as a result of this section.

18 (2) For purposes of this subdivision, "forfeiture date" means
19 the date of the conviction.

20 (d) (1) Any contributions to the public retirement system made
21 by the public employee described in subdivision (b) on or after
22 the earliest date of the commission of any felony described in
23 subdivision (b) shall be returned, without interest, to the public
24 employee upon the occurrence of a distribution event unless
25 otherwise ordered by a court or determined by the pension
26 administrator.

27 (2) Any funds returned to the public employee pursuant to
28 subdivision (d) shall be disbursed by electronic funds transfer to
29 an account of the public employee, in a manner conforming with
30 the requirements of the Internal Revenue Code, and the public
31 retirement system shall notify the court and the district attorney
32 at least three business days before that disbursement of funds.

33 (3) For the purposes of this subdivision, a "distribution event"
34 means any of the following:

35 (A) Separation from employment.

36 (B) Death of the member.

37 (C) Retirement of the member.

38 (e) (1) Upon conviction, a public employee as described in
39 subdivision (b) and the prosecuting agency shall notify the public
40 employer who employed the public employee at the time of the

1 commission of the felony within 60 days of the felony conviction
2 of all of the following information:

3 (A) The date of conviction.

4 (B) The date of the first known commission of the felony.

5 (2) The operation of this section is not dependent upon the
6 performance of the notification obligations specified in this
7 subdivision.

8 (f) The public employer that employs or employed a public
9 employee described in subdivision (b) and that public employee
10 shall each notify the public retirement system in which the public
11 employee is a member of that public employee's conviction within
12 90 days of the conviction. The operation of this section is not
13 dependent upon the performance of the notification obligations
14 specified in this subdivision.

15 (g) A public retirement system may assess a public employer a
16 reasonable amount to reimburse the cost of audit, adjustment, or
17 correction, if it determines that the public employer failed to
18 comply with this section.

19 (h) If a public employee's conviction is reversed and that
20 decision is final, the employee shall be entitled to do either of the
21 following:

22 (1) Recover the forfeited retirement benefits as adjusted for the
23 contributions received pursuant to subdivision (d).

24 (2) Redeposit those contributions and interest, as determined
25 by the system actuary, and then recover the full amount of the
26 forfeited benefits.

27 (i) *The forfeiture of rights and benefits provided in this section,*
28 *with respect to judges, are in addition to and supplement the*
29 *forfeitures and other requirements provided in Section 75033.2,*
30 *75062, 75526, or 75563. If there is a conflict between this section*
31 *and Section 75033.2, 75062, 75526, or 75563, the provisions that*
32 *result in the greatest forfeiture or provide the most stringent*
33 *procedural requirements to the claim of a judge shall apply.*

34 (i)

35 (j) A public employee first employed by a public employer or
36 first elected or appointed to an office on or after January 1, 2013,
37 shall be subject to Section 7522.74.

38 SEC. 13. Section 7522.74 of the Government Code is amended
39 to read:

1 7522.74. (a) This section shall apply to a public employee first
2 employed by a public employer or first elected or appointed to an
3 office on or after January 1, 2013, and on and after that date,
4 Section 7522.70 shall not apply.

5 (b) (1) If a public employee is convicted by a state or federal
6 trial court of any felony under state or federal law for conduct
7 arising out of or in the performance of his or her official duties, in
8 pursuit of the office or appointment, or in connection with
9 obtaining salary, disability retirement, service retirement, or other
10 benefits, he or she shall forfeit all accrued rights and benefits in
11 any public retirement system in which he or she is a member to
12 the extent provided in subdivision (c) and shall not accrue further
13 benefits in that public retirement system, effective on the date of
14 the conviction.

15 (2) If a public employee who has contact with children as part
16 of his or her official duties is convicted of a felony that was
17 committed within the scope of his or her official duties against or
18 involving a child who he or she has contact with as part of his or
19 her official duties, he or she shall forfeit all accrued rights and
20 benefits in any public retirement system in which he or she is a
21 member to the extent provided in subdivision (c) and shall not
22 accrue further benefits in that public retirement system, effective
23 on the date of the conviction.

24 (c) (1) A public employee shall forfeit all the ~~retirement~~ *rights*
25 *and* benefits earned or accrued from the earliest date of the
26 commission of any felony described in subdivision (b) to the
27 forfeiture date, inclusive. The retirement benefits shall remain
28 forfeited notwithstanding any reduction in sentence or
29 expungement of the conviction following the date of the public
30 employee's conviction. Retirement benefits attributable to service
31 performed prior to the date of the first commission of the felony
32 for which the public employee was convicted shall not be forfeited
33 as a result of this section.

34 (2) For purposes of this subdivision, "forfeiture date" means
35 the date of the conviction.

36 (d) (1) Any contributions to the public retirement system made
37 by the public employee described in subdivision (b) on or after
38 the earliest date of the commission of any felony described in
39 subdivision (b) shall be returned, without interest, to the public
40 employee upon the occurrence of a distribution event unless

1 otherwise ordered by a court or determined by the pension
2 administrator.

3 (2) Any funds returned to the public employee pursuant to
4 subdivision (d) shall be disbursed by electronic funds transfer to
5 an account of the public employee, in a manner conforming with
6 the requirements of the Internal Revenue Code, and the public
7 retirement system shall notify the court and the district attorney
8 at least three business days before that disbursement of funds.

9 (3) For the purposes of this subdivision, a “distribution event”
10 means any of the following:

11 (A) Separation from employment.

12 (B) Death of the member.

13 (C) Retirement of the member.

14 (e) (1) Upon conviction, a public employee as described in
15 subdivision (b) and the prosecuting agency shall notify the public
16 employer who employed the public employee at the time of the
17 commission of the felony within 60 days of the felony conviction
18 of all of the following information:

19 (A) The date of conviction.

20 (B) The date of the first known commission of the felony.

21 (2) The operation of this section is not dependent upon the
22 performance of the notification obligations specified in this
23 subdivision.

24 (f) The public employer that employs or employed a public
25 employee described in subdivision (b) and that public employee
26 shall each notify the public retirement system in which the public
27 employee is a member of that public employee’s conviction within
28 90 days of the conviction. The operation of this section is not
29 dependent upon the performance of the notification obligations
30 specified in this subdivision.

31 (g) A public retirement system may assess a public employer a
32 reasonable amount to reimburse the cost of audit, adjustment, or
33 correction, if it determines that the public employer failed to
34 comply with this section.

35 (h) If a public employee’s conviction is reversed and that
36 decision is final, the employee shall be entitled to do either of the
37 following:

38 (1) Recover the forfeited retirement benefits as adjusted for the
39 contributions received pursuant to subdivision (d).

(2) Redeposit those contributions and interest, as determined by the system actuary, and then recover the full amount of the forfeited benefits.

(i) The forfeiture of rights and benefits provided in this section, with respect to judges, are in addition to and supplement the forfeitures and other requirements provided in Section 75033.2, 75062, 75526, or 75563. If there is a conflict between this section and Section 75033.2, 75062, 75526, or 75563, the provisions that result in the greatest forfeiture or provide the most stringent procedural requirements to the claim of a judge shall apply.

(i)

(j) A public employee first employed by a public employer or first elected or appointed to an office before January 1, 2013, shall be subject to Section 7522.72.

~~SEC. 6.~~

SEC. 14. Section 20281.5 of the Government Code is amended to read:

20281.5. (a) Notwithstanding Section 20281, a person who becomes a state miscellaneous member or state industrial member of the system on or after the effective date of this section because the person is first employed by the state and qualifies for membership shall be subject to the provisions of this section.

(b) Members subject to this section shall not accrue credit for service in the system and shall not make employee contributions to the system, including the contributions set forth in Section 20677.4, for employment with the state until the first day of the first pay period commencing 24 months after becoming a member of the system.

(c) Notwithstanding subdivision (a), this section shall not apply to any of the following:

(1) Persons who are already members or annuitants of the system at the time they are first employed by the state.

(2) Employees of the California State University, or the legislative or judicial branch of state government.

(3) Members of the Judges' Retirement System, the Judges' Retirement System II, the Legislators' Retirement System, the State Teachers' Retirement System, or the University of California Retirement Plan.

1 (4) Persons who are members of a reciprocal retirement system
2 and whose employment was subject to a reciprocal retirement
3 system within the six months prior to membership in this system.

4 (5) Persons whose service is not included in the federal system.

5 (6) Persons who are employed by the Department of the
6 California Highway Patrol as students at the department's training
7 school established pursuant to Section 2262 of the Vehicle Code.

8 (7) Persons who had ceased to be members pursuant to Section
9 20340 or 21075.

10 (8) Persons who are National Guard members pursuant to
11 Section 20380.5.

12 (d) A separation of employment does not alter the 24-month
13 period described by subdivision (b). A member who separates
14 from state employment shall remain subject to this section if he
15 or she returns to state employment as a state miscellaneous or state
16 industrial member within that 24-month period.

17 (e) Any regulations adopted by the board to implement the
18 requirements of this section shall not be subject to the review and
19 approval of the Office of Administrative Law, pursuant to Chapter
20 3.5 (commencing with Section 11340) of Part 1 of Division 3. The
21 regulations shall become effective immediately upon filing with
22 the Secretary of State.

23 (f) This section shall not apply to any person who first becomes
24 a state miscellaneous member or a state industrial member on or
25 after January 1, 2013.

26 ~~SEC. 7.~~

27 *SEC. 15.* Section 21400 of the Government Code is amended
28 to read:

29 21400. (a) A safety member who retires on or after January
30 1, 2013, for industrial disability shall receive a disability retirement
31 benefit equal to the greater of the following:

32 (1) Fifty percent of his or her final compensation, plus an annuity
33 purchased with his or her accumulated additional contributions, if
34 any.

35 (2) A service retirement allowance, if he or she is qualified for
36 service retirement.

37 (3) An actuarially reduced factor, as determined by the actuary,
38 for each quarter year that his or her service age is less than 50
39 years, multiplied by the number of years of safety service subject

1 to the applicable formula, if he or she is not qualified for service
2 retirement.

3 (4) Nothing in this section shall require a member to receive a
4 lower benefit than he or she would have received prior to January
5 1, 2013, as the law provided prior to that date.

6 (b) This section shall remain in effect only until January 1, 2018,
7 and as of that date is repealed, unless a later enacted statute, that
8 is enacted before January 1, 2018, deletes or extends that date.

9 *SEC. 16. Section 31494.1 of the Government Code is amended*
10 *to read:*

11 31494.1. (a) In accordance with the provisions of this section,
12 general members, whose retirement benefits are governed by the
13 noncontributory plan created by this article, may transfer to the
14 contributory plan. Contributory plan shall mean ~~that contributory~~
15 ~~plan otherwise available to new members of the retirement system~~
16 ~~on the election date~~ *Retirement Plan D*. Transfer may be made by
17 election upon written application executed by the member and
18 filed with the board on or before the election date and shall be
19 effective on the transfer date, subject to the terms and conditions
20 set forth in this section. The election date shall be that date
21 identified in the resolution adopted by the board of supervisors
22 declaring this section to be operative. The transfer date shall be
23 that date on which the member completes deposit of all
24 contributions required by Section 31494.3. The election is
25 voluntary and may be revoked upon written notice received by the
26 board prior to the transfer date.

27 (b) The retirement benefits of members electing to transfer and
28 transferred members shall be governed and defined by this section.
29 In the event of conflict, this section shall supersede and prevail
30 over other provisions, or application of provisions, otherwise
31 contained in this article.

32 (c) Transferred members relinquish, waive, and forfeit any and
33 all vested or accrued benefits available under any other retirement
34 plan provided to members of the retirement system, and shall be
35 entitled only to the benefits available under the contributory plan.

36 (d) Transferred members shall receive retirement service credit
37 for that period of service with the employer, for which the members
38 were otherwise eligible to receive credit under the plan created by
39 this article. Transferred members shall also receive retirement

1 service credit for that period of service for which the member made
2 contributions pursuant to Section 31490.5.

3 (e) Transferred members may receive retirement service credit
4 for service other than that with the employer, for which the
5 members were credited or were eligible to receive credit under the
6 plan created by this article, by written application executed by the
7 member and filed with the board on or before the election date.

8 (f) The employer, the members who have elected to transfer,
9 and transferred members shall make contributions to the retirement
10 fund in accordance with the rates, and in the same manner, as
11 prescribed under the contributory plan. The monthly contributions
12 shall commence for the month next following the transfer date or
13 that date 120 days after the election date, whichever is earlier.

14 (g) For purposes of calculating member contributions required
15 under Section 31494.3, the entry age of a transferred member shall
16 be that entry age as reflected in the retirement records maintained
17 on behalf of the board.

18 (h) Failure of a member to deposit the contributions at the time
19 and in the manner required by subdivision (a) of Section 31494.3
20 shall result in the cancellation of his or her election to transfer.

21 (i) Failure of a member to deposit the contributions at the time
22 and in the manner required by subdivision (b) or (c) of Section
23 31494.3 shall result in the cancellation and forfeiture of his or her
24 right to elect credit for other service under subdivision (e).

25 (j) Prior to the transfer date, the rights to retirement, disability,
26 survivors, and death benefits of members who have made the
27 election to transfer shall remain the same as defined and governed
28 by this article. If those members die, terminate service, or make
29 application for retirement prior to the transfer date, or fail to deposit
30 all required contributions as required by Section 31494.3, all
31 member contributions and regular interest shall be refunded to the
32 member or member's survivor.

33 (k) Notwithstanding any other provision contained in this section
34 or Section 31494.3, in the event of the death of a member who has
35 elected to transfer prior to the transfer date, the spouse of the
36 member, or the minor children of the member if no spouse survives
37 the member, may elect to pay the balance of contributions required
38 by Section 31494.3, and if the contributions are deposited in the
39 retirement fund within 120 days after the death of the member, the
40 spouse of the member, or if no spouse survives the member, the

1 minor children of the member, shall be entitled to rights and
2 benefits as if the deceased member had deposited all contributions
3 required by Section 31494.3.

4 (l) Prior to the transfer date, the rights to retirement, disability,
5 survivors, and death benefits of members who have made the
6 election to transfer shall remain the same as defined and governed
7 by this article. If those members die, terminate service, or make
8 application for retirement prior to the transfer date, all member
9 contributions and regular interest shall be refunded to the member
10 or the member's survivor.

11 (m) This section shall be operative at such time or times as may
12 be mutually agreed to in memoranda of understanding executed
13 by the employer and employee representatives if the board of
14 supervisors adopts, by majority vote, a resolution declaring that
15 the section shall be operative.

16 *SEC. 17. Section 31800 of the Government Code is amended*
17 *to read:*

18 31800. ~~The~~ (a) *Except as provided in subdivision (b), the*
19 *provisions of this article shall be applicable to any member who*
20 *is subject to the federal old age and survivors insurance provisions*
21 *of the Social Security Act, when the governing board of the county*
22 *or district in which the member is employed adopts by majority*
23 *vote a resolution providing that this article shall be applicable to*
24 *all members in such county or district who are subject to the federal*
25 *system. The provisions of this article shall become fully effective*
26 *and operative on the date specified in such resolution; provided,*
27 *however, such resolution shall have received prior approval by*
28 *majority affirmative vote of eligible members employed by the*
29 *county or district in a referendum conducted in accordance with*
30 *the provisions of Article 2, Chapter 2, Part 4, Division 5, of Title*
31 *2 of this code. Nothing in this article shall be construed as negating*
32 *or in any way affecting the validity of a referendum vote conducted*
33 *prior to the enactment of this article, whereby a majority of*
34 *members employed by a county or district voted in favor of federal*
35 *old age and survivors insurance coverage on a purely additive or*
36 *supplemental basis.*

37 (b) *Notwithstanding subdivision (a), this article shall not be*
38 *applied to any member or to the service, contributions, or benefits*
39 *of any member that, on or after January 1, 2013, is subject to the*
40 *provisions of the California Public Employees' Pension Reform*

1 *Act. Nothing herein shall preclude a member who is subject to the*
2 *California Public Employees' Pension Reform Act and whose*
3 *position is included in an agreement between the state and federal*
4 *government for coverage under the old age and survivors insurance*
5 *provisions of the Social Security Act from also being subject to*
6 *that federal system as a supplementation system under which the*
7 *social security benefits shall be in addition to unintegrated*
8 *retirement benefits.*

9 *SEC. 18. Section 31808 of the Government Code is amended*
10 *to read:*

11 31808. (a) ~~In~~ *Except as provided in subdivision (d), in any*
12 *county or district subject to the provisions of Section 31676.1,*
13 *31676.11, 31676.13, or 31676.14, the retirement allowance payable*
14 *for retirement service rendered prior to the effective date of the*
15 *resolution mentioned in Section 31800 shall be computed in*
16 *accordance with the provisions of Section 31676.1, 31676.11,*
17 *31676.13, or 31676.14, whichever is applicable. Except as provided*
18 *in subdivision (b), the retirement allowance with respect to service*
19 *performed after May 31, 1957, shall equal the total of the*
20 *following:*

21 (1) *The fraction of one-ninetieth of the first three hundred fifty*
22 *dollars (\$350) monthly of the member's final compensation set*
23 *forth in the table appearing in Section 31676.1, 31676.11,*
24 *31676.13, or 31676.14, whichever is applicable, in the column*
25 *applicable to the member's age at retirement taken to the preceding*
26 *completed quarter year multiplied by the number of years of*
27 *creditable service as provided therein.*

28 (2) *The fraction of one-sixtieth of any remaining portion of the*
29 *member's final compensation set forth in the table appearing in*
30 *Section 31676.1, 31676.11, 31676.13, or 31676.14, whichever is*
31 *applicable, in the column applicable to the member's age at*
32 *retirement taken to the preceding completed quarter year multiplied*
33 *by the number of years of creditable service.*

34 (b) *With respect to persons who become members of a county*
35 *retirement system after the effective date of the amendments to*
36 *this section enacted at the 1979–80 Regular Session, the retirement*
37 *allowance shall equal the following:*

38 (1) *The fraction of one-ninetieth of the first one thousand fifty*
39 *dollars (\$1,050) monthly of the member's final compensation set*
40 *forth in the table appearing in Section 31676.1, 31676.11,*

1 31676.13, or 31676.14, whichever is applicable, in the column
2 applicable to the member's age at retirement taken to the preceding
3 completed quarter year multiplied by the number of years of
4 creditable service as provided therein.

5 (2) The fraction of one-sixtieth of any remaining portion of the
6 member's final compensation set forth in the table appearing in
7 Section 31676.1, 31676.11, 31676.13, or 31676.14, whichever is
8 applicable, in the column applicable to the member's age at
9 retirement taken to the preceding completed quarter year multiplied
10 by the number of years of creditable service.

11 ~~This~~

12 (3) *This* subdivision may be made applicable in any county of
13 over six million population on the first day of the month after the
14 board of supervisors of such county adopts by majority vote a
15 resolution providing that this subdivision shall become applicable
16 in such county.

17 (c) *This section shall not apply to the retirement allowance of*
18 *a person who becomes a member of a county retirement system*
19 *under a benefit plan established pursuant to Section 7522.20 or*
20 *7522.25.*

21 *SEC. 19. Section 31812 of the Government Code is amended*
22 *to read:*

23 31812. (a) ~~Each~~ *Except as provided in subdivision (d), each*
24 *member shall continue to contribute as provided for in Article 6*
25 *(commencing with Section 31620) or (in case of those members*
26 *defined in Sections 31470.2, 31470.4 and 31470.6) Article 6.8*
27 *(commencing with Section 31639) of this chapter less an amount*
28 *equal to one-third of that portion of such contribution which is*
29 *payable with respect to the first three hundred fifty dollars (\$350)*
30 *monthly wage, or in counties where the board of supervisors*
31 *pursuant to subdivision (b) of Section 31808.6 elects to compute*
32 *the retirement allowance of safety members according to the*
33 *provisions of Section 31664, each safety member shall make*
34 *contributions as provided for in Article 6.8 of this chapter with*
35 *respect to all of his monthly wage.*

36 (b) (1) With respect to persons who become members of a
37 county retirement system after the effective date of the amendments
38 to this section enacted at the 1979–80 Regular Session, each
39 member shall contribute as provided for in Article 6 (commencing
40 with Section 31620) or (in case of those members defined in

Sections 31470.2, 31470.4 and 31470.6) Article 6.8 (commencing with Section 31639) of this chapter less an amount equal to one-third of that portion of such contribution which is payable with respect to the first one thousand fifty dollars (\$1,050) monthly wage, or in counties where the board of supervisors pursuant to subdivision (b) of Section 31808.6 elects to compute the retirement allowance of safety members according to the provisions of Section 31664, each safety member shall make contributions as provided for in Article 6.8 of this chapter with respect to all of his monthly wage.

~~This~~

(2) *This* subdivision may be made applicable in any county of over six million population on the first day of the month after the board of supervisors of such county adopts by majority vote a resolution providing that this subdivision shall become applicable in such county.

(c) *This section shall not apply to the retirement allowance of a person who becomes a member of a county retirement system under a benefit plan established pursuant to Section 7522.20 or 7522.25.*

~~SEC. 8.~~

SEC. 20. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to address technical problems and avoid costly and unnecessary changes to retirement systems in implementing the California Public Employees' Pension Reform Act of 2013 (Chapter 296 of the Statutes of 2012), it is necessary for this act to take effect immediately.